

**DISTRICT OF COLUMBIA
DEPARTMENT OF INSURANCE AND SECURITIES REGULATION**

NOTICE OF FINAL RULEMAKING

The Commissioner of the Department of Insurance and Securities Regulation, pursuant to the authority set forth in section 28 of Chapter 5 of the Life Insurance Act (1934 Life Insurance Act), approved June 19, 1934 (48 Stat. 1125, D.C. Code § 35-534 (1997 Repl.)), as added by the Life Insurance Amendments Act, effective March 14, 1985 (D.C. Law 5-160, D.C. Code § 35-501 *et seq.* (1997 Repl.)), hereby gives notice of the adoption of a new Chapter 11, entitled Annuity Mortality Tables, to Title 26 of the D.C. Municipal Regulations (Insurance). The purpose of this new chapter is to specify the mortality tables to be used in determining the minimum standard valuation for annuity and pure endowment contracts as set forth in Chapter 5, section 1 of the 1934 Life Insurance Act (D.C. Code § 35-501 (c) (3) (A) (1997 Repl.)). Notice of Proposed Rulemaking was published in the D.C. Register at 46 DCR 9841 (November 26, 1999). No comments were received. The final rulemaking will be effective when published in the D.C. Register.

Title 26 DCMR (Insurance) is amended by adding a new Chapter 11, Annuity Mortality Tables.

1100 Individual Annuity or Pure Endowment Contracts

- 1100.1 Except as provided in subsections 1100.2 and 1100.3 of this section, the 1983 Table "a" and the Annuity 2000 Mortality Table shall be the individual annuity mortality tables for valuation and, at the option of the company, either of these tables may be used for purposes of determining the minimum standard of valuation for any individual annuity or pure endowment contract issued on or after October 13, 1978.
- 1100.2 Except as provided in subsection 1100.3 of this section, the Annuity 2000 Mortality Table shall be used for determining the minimum standard of valuation for any individual annuity or pure endowment contract issued on or after January 1, 2000.
- 1100.3 The 1983 Table "a" without projection is to be used for determining the minimum standards of valuation for an individual annuity or pure endowment contract issued on or after January 1, 2000, solely when the contract is based on life contingencies and is issued to fund periodic benefits arising from:
- (a) Settlements of various forms of claims pertaining to court settlements or out of court settlements from tort actions;
 - (b) Settlements involving similar actions such as worker's compensation claims; or

- (c) Settlements of long term disability claims where a temporary or life annuity has been used in lieu of continuing disability payments.

1101 Group Annuity or Pure Endowment Contracts

1101.1 Except as provided in subsections 1101.2 of this section, the 1983 GAM Table, the 1983 Table "a" and the 1994 GAR Table are recognized and approved as group annuity mortality tables for valuation and, at the option of the company, any one of these tables may be used for purposes of valuation for an annuity or pure endowment purchased on or after October 13, 1978, but before January 1, 2000, under a group annuity or pure endowment contract.

1101.2 The 1994 GAR Table shall be used for determining the minimum standard of valuation for any annuity or pure endowment purchased on or after January 1, 2000 under a group annuity or pure endowment contract.

1102 Application of the 1994 GAR Table

1102.1 In using the 1994 GAR Table, the mortality rate for a person age x in year $(1994 + n)$ is calculated as follows:

$$q_x^{1994+n} = q_x^{1994} (1 - AA_x)^n$$

where the q_x^{1994} and AA_x s are as specified in the 1994 GAR Table.

1199 Definitions

1199.1 "1983 Table 'a'" means the mortality table developed by the Society of Actuaries Committee to Recommend a New Mortality Basis for Individual Annuity Valuation and adopted by the National Association of Insurance Commissioners as a recognized mortality table for annuities in June 1982.

1199.2 "1983 GAM Table" means the mortality table developed by the Society of Actuaries Committee on Annuities and adopted in December 1983, by the National Association of Insurance Commissioners as a recognized mortality table for annuities.

1199.3 "1994 GAR Table" means the mortality table developed by the Society of Actuaries Group Annuity Valuation Table Task Force. The 1994 GAR Table is included in the report, Transactions of the Society of Actuaries (Volume XLVII, pages 865 -919) (1995).

1199.4 "Annuity 2000 Mortality Table" means the mortality table developed by the Society of Actuaries Committee on Life Insurance Research. The Annuity 2000 Table is included in the report, Transactions of the Society of Actuaries (Volume XLVII, pages 211 -249) (1995).